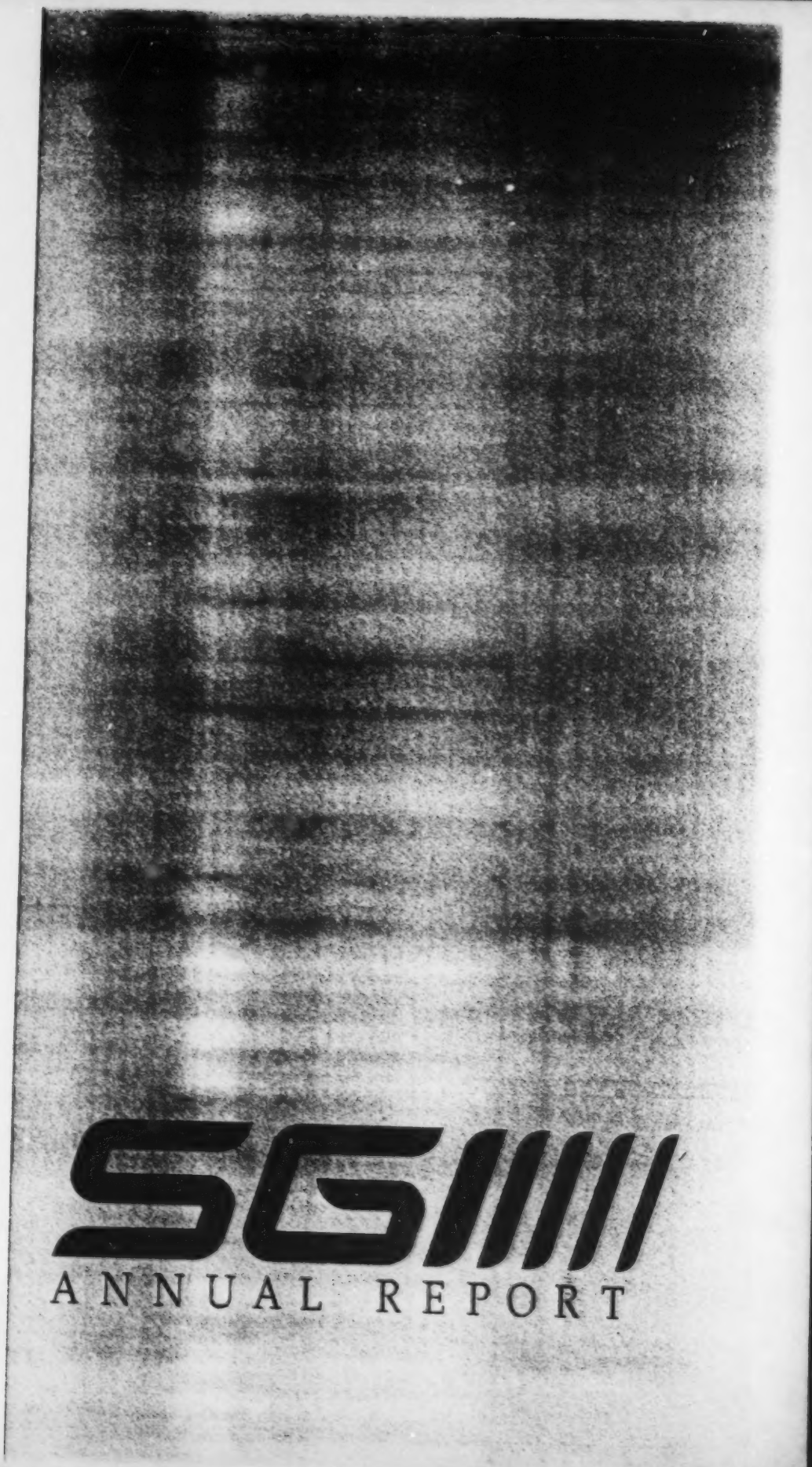
SASKATCHEWAN

AUTO FUND

1991



SGI

ANNUAL REPORT

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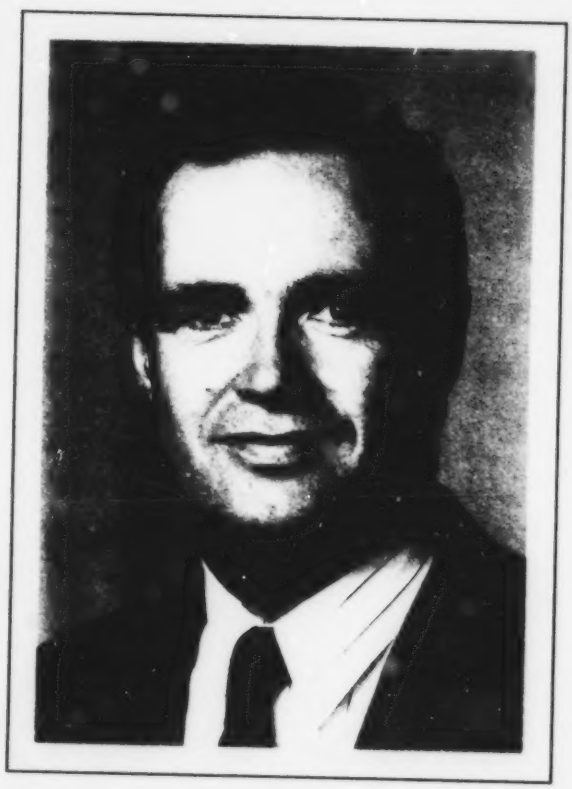
Regina, Saskatchewan
March, 1992

To Her Honour,
The Honourable Sylvia Fedoruk,
Lieutenant-Governor of the Province of Saskatchewan



Madam:

I have the honour to submit herewith the annual report of the Auto Fund for the year ended December 31, 1991, including the financial statements in the form required by the Treasury Board and in accordance with the Automobile Accident Insurance Act.

I have the honour to be, Madam,

Your obedient Servant,

Dwain Lingenfelter

Dwain Lingenfelter
Minister Responsible for
Saskatchewan Government Insurance

THIS has been a challenging year at SGI. There was a change in government, in our senior management, and in our Board of Directors. Claims costs increased, and for the first time in three years, the Auto Fund recorded a loss.

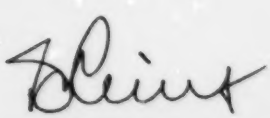
In spite of these challenges, SGI remained strong and stable, focusing on our responsibility to protect Saskatchewan motorists with quality auto insurance and effective traffic safety programs.

Our staff and issuers concentrated on superior service and convenience. We introduced a practical two-payment plan for vehicle insurance, expanded our convenient 24-hour phone-in service and opened a new claims centre in Saskatoon. I'm proud of our innovative employees who are always looking for ways to improve service.

While we continually strive to improve service, we're also dedicated to keeping auto insurance affordable through efficient cost management. But there are factors beyond our control. In 1991, the number of claims increased by more than 6,000. Court decisions set new precedents for injury claims, doubling the maximum amount of awards. As a result, the Auto Fund recorded a $6.8 million loss in 1991.

To offset these costs and maintain a strong Rate Stabilization Reserve, we introduced a modest rate increase in 1992. However, Saskatchewan motorists still enjoy some of the lowest rates in Canada.

In 1992, we face another challenge—to stabilize our financial performance in spite of rising costs. We're confident that our determination and commitment to providing inexpensive, quality insurance and services will help us to achieve this goal.



Bill Heidt
President

Honourable Dwain Lingenfelter
Chairman

Honourable Carol Teichrob

Honourable Berny Wiens
Vice-Chairman

Honourable John Penner

Bill Heidt
President

Grant Gibson
Vice President
Systems

Bob Warren
Vice President
Claims

Larry Fogg
Vice President
Underwriting

Randy Heise
Vice President
Finance and Administration

Alan Cockman
Vice President
Motor Vehicle Division

KNOWING that you and your family are protected brings peace of mind. At SGI, our professional staff and issuers are dedicated to providing that protection through our compulsory vehicle insurance and other Auto Fund programs. The safety of Saskatchewan people is our primary concern.

We ensure that drivers are qualified and knowledgeable through our driver testing and driver improvement programs. Our Vehicle Standards and Inspection staff make sure that vehicles on the road are mechanically safe. Traffic Safety Services concentrates on educating the public to save lives through prevention. Whatever services we provide, our staff always keep customer convenience and service excellence in mind.

Customers appreciated our commitment to service during 1991's summer storms. When hail, wind and heavy rain caused more than $2 million damage, we reacted quickly, helping people get their vehicles back on the road. Adjusters gathered in areas hardest hit, such as Estevan, North Battleford and Strasbourg. Some of our retired adjusters even returned to work temporarily to pitch in. By pulling together and working extra hours, they settled the 2,000 claims quickly.

PROTECTION FOR EVERYONE

To guarantee that all Saskatchewan motorists are protected with basic vehicle insurance, the provincial government introduced the Automobile Accident Insurance Act in 1946. SGI manages the program on behalf of the government. Our staff serve 633,000 registered drivers who own 806,000 vehicles in the province.

At SGI we're inventive and we don't hesitate to make changes to improve service. In fact, we reorganized our entire Claims division for that reason. The changes give Claims an improved support base, and enable us to focus on customers' needs and concerns unique to urban centres and the rural branches.

Our customers' need for Photo ID took on a sense of urgency during the Persian Gulf War in 1991. Increased security created an immediate demand, so we stepped up the pace. Our staff and issuers provided a 24-hour turnaround on Photo ID, assisting people to get through customs and on with their travels.

WITH today's fast-paced lifestyles, convenience is a priority to our customers. Meeting this demand for fast service often requires new technology, which our Systems professionals develop and implement. For example, they developed a system to make booking driver exams easier. Now, when customers call our scheduling offices, staff can quickly check the system to see what examiners are available across the province and book a road test.

When it comes to good service, SGI has always been a leader in innovation, dating back to 1951 when we pioneered the first neighborhood drive-in claims centre. Since then, our business has grown to include 19 claims centres in 13 different locations throughout the province.

Saskatoon is home to our newest claims centre, which opened in 1991 in the city's west side. In the last five years, we've made filing a claim easier by building six new branches. Thanks to our 500 independent motor licence issuers, renewing driver's licences and vehicle registrations is convenient and easy, too. Situated in 370 locations around the province, these issuers also provide Photo ID. Motorists don't have to travel far for driver testing either. Our driver examiners do the travelling, offering service in 80 locations.

Saskatoon now offers convenient claims service in three locations, since the new West Claims Centre opened in 1991.

GOOD service is not only a matter of convenient locations. We also tailor programs to meet the needs of Saskatchewan motorists. For example, our customer survey indicated that many people prefer to spread out payments rather than paying in one lump sum. With this in mind, our Motor Vehicle Division (MVD) introduced the two-payment plan for vehicle registrations. More than 60,000 people took advantage of this plan, which allows you to make one payment upon renewal, and the final payment five months later.

MVD also expanded its 24-hour phone-in service. With one call, customers can now learn about the two-payment plan, licencing requirements in and out of the province, licence plate insurance coverage, and can update personal data. Driver Examiners extended their road testing to include Saturday service during the summer. This change proved to be popular with parents, who didn't have to take time off work to bring their teenagers in for road tests.

Adjusters are an important link in our service chain. Their interaction with customers when settling claims leaves a lasting impression about SGI. We're proud to say, that impression has been good. According to customer surveys filled out after settling a claim, 84 per cent of our customers are satisfied with SGI's service.

PROTECTING YOU

When you purchase licence plates, you receive the following coverage:

Injury Benefits—We cover you and your passengers' medical expenses, provide weekly disability payments, and compensate for permanent disability and/or death.

Collision & Comprehensive Coverage—We cover loss of, or physical damage to, your vehicle caused by accident, upset, and perils such as fire, theft and hail, subject to a deductible.

Liability Coverage—We cover your legal responsibility to pay for damage, injury or death, and the deductible of the driver not at fault.

IN-house training plays a key role at SGI because it makes our 1,200 employees a knowledgeable resource to customers. To keep up-to-date with the ever-changing auto industry, Claims staff take courses taught by industry professionals on customer service, new technology and repair techniques. MVD's Issuer Reps individually trained our 500 issuers when the two-payment plan was implemented. The result is accurate calculations and processing, which lead to faster service to customers.

Adjusters, appraisers and repair technicians at five of our claims centres were recognized with a national award for their commitment to collision repair training. Saskatoon Central and East, North Battleford, Regina Commercial and Regina Claims Technical Services received the Inter-Industry Conference on Auto Collision Repair's (I-CAR) gold class designation. This prestigious award, which only 17 other groups in Canada have received, assures our customers that SGI staff are reliable, well-trained and capable of estimating and handling any repair.

Our numbers are impressive – these are only five of our many long-service employees who have 25 to 40 years experience at SGI. Pictured from left to right are: Barry Orthner, Lorna Brotzel, Lewis Sturm, Sharon Heard and George Germaine.

SGI gathers and analyzes information on seat belt use to help determine the focus of Selective Traffic Enforcement Program (STEP) blitzes.

SGI is dedicated to reducing the number of injuries, deaths and traffic accidents in Saskatchewan. Our commitment to traffic safety involves working with other government and law enforcement agencies, and funding organizations such as the Saskatchewan Safety Council and Students Against Drinking and Driving (SADD).

In addition to these commitments, we develop our own programs. Our staff produce everything from driver handbooks and driver improvement programs to traffic safety advertising campaigns. Safety and loss prevention help reduce not only insurance costs, but also the tragic cost of human lives.

In 1991, 91.6 per cent of Saskatchewan motorists buckled up their seat belts. This remarkable rate is partly due to the Selective Traffic Enforcement Program (STEP), in which SGI plays a pivotal role. STEP effectively combines SGI's research and advertising with enforcement blitzes. Our success has even drawn the attention of safety officials in the United States, who are introducing a national seat belt campaign modelled after STEP.

Reg Common's perseverance and dedication to safety enabled him to develop vehicle inspection standards that were accepted across the country.

More and more, SGI is becoming recognized as a leader in traffic safety. In 1991, we received the Saskatchewan Safety Council Award for our long-standing commitment to traffic safety. We also won the praise of vehicle standards experts and the trucking industry, thanks to Safety Supervisor Reg Common.

Reg developed new commercial vehicle inspection standards that have been accepted throughout Canada and recognized in the United States. These uniform standards ensure all commercial vehicles travelling through the country are mechanically safe. Truckers welcomed the change because they no longer require several inspections to travel across North America.

We're proud that our work in traffic safety, whether it's vehicle standards or monitoring driving records, is helping to save lives. It's rewarding to see that more people are aware of traffic safety issues, such as drinking and driving. However, there's always room for improvement. We'd still like to see a decline in the number of drinking and driving incidents.

That's why SGI initiated the Interagency Committee on Impaired Driving to develop more swift and stringent consequences for impaired driving, and improve public awareness, education and treatment programs. We've also taken a more active role in the prevention of repeat offences by impaired drivers. In 1991, SGI assumed full responsibility for the Driving Without Impairment Program (DWI), which educates drinking and driving offenders.

TO successfully address traffic safety issues, we have to know who to target—for example, what age groups have the most accidents and why. This is where Traffic Safety's program evaluation staff are invaluable. They completed a major study on seniors' driving that indicates mandatory licence re-testing for seniors isn't necessary. They've also identified young people as one target group whose driving needs improvement.

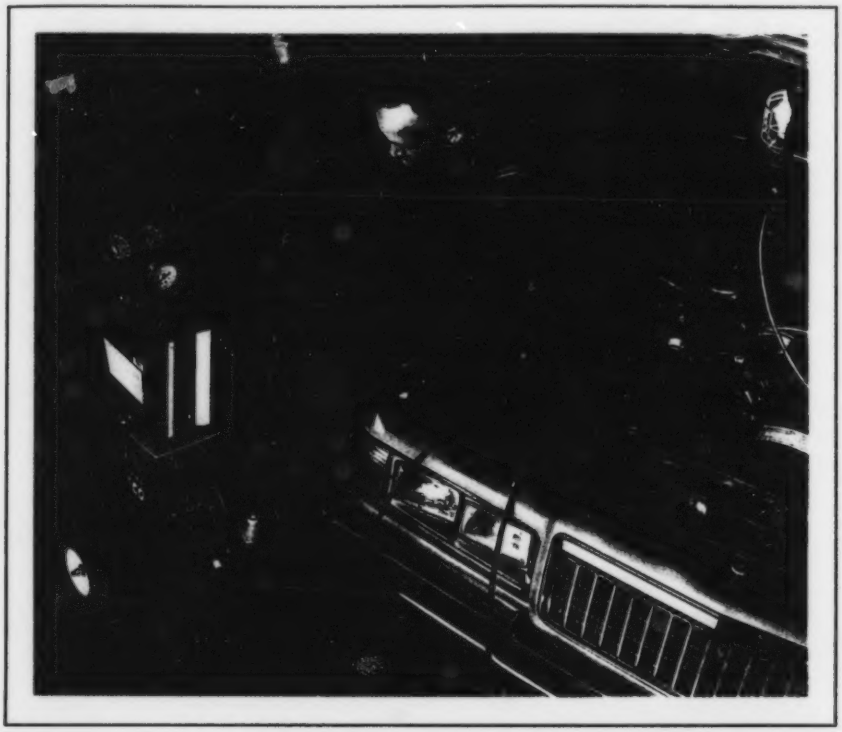
Motor vehicle accidents are the leading cause of death for people aged 16 to 20, and we want to change that. To raise awareness of the problem and improve young people's driving habits, SGI held its first-ever safe driving competition, involving written and road tests. Roadeo '91 gave 1500 teenagers a chance to improve their skills and gain some valuable experience.

Young drivers who scored well on the written exam moved on to the road test in Roadeo '91, a safe driving competition.

SGI's good service and loyalty to customers has become a tradition in Saskatchewan. We've also established a tradition of taking part in community life. We're proud of our many employees who actively participate in their communities. Through our corporate donations program, SGI supports activities and events across the province.

We also try to enhance the quality of life by donating to the arts, sports, health and safety organizations. SGI takes pride in being a responsible corporate citizen.

In memory of Arlene Arendt, an Issuer Rep who died tragically after a car accident in 1991, SGI staff and the corporation donated $3,000 to the Royal University Hospital's Burn Unit in Saskatoon. Arlene's sister (second from left), parents (centre) and four co-workers (right) were on hand for the cheque presentation.



Our commitment to the environment includes collecting, cleaning and recycling freon from damaged vehicles at Claims Technical Services and our Salvage Centres.

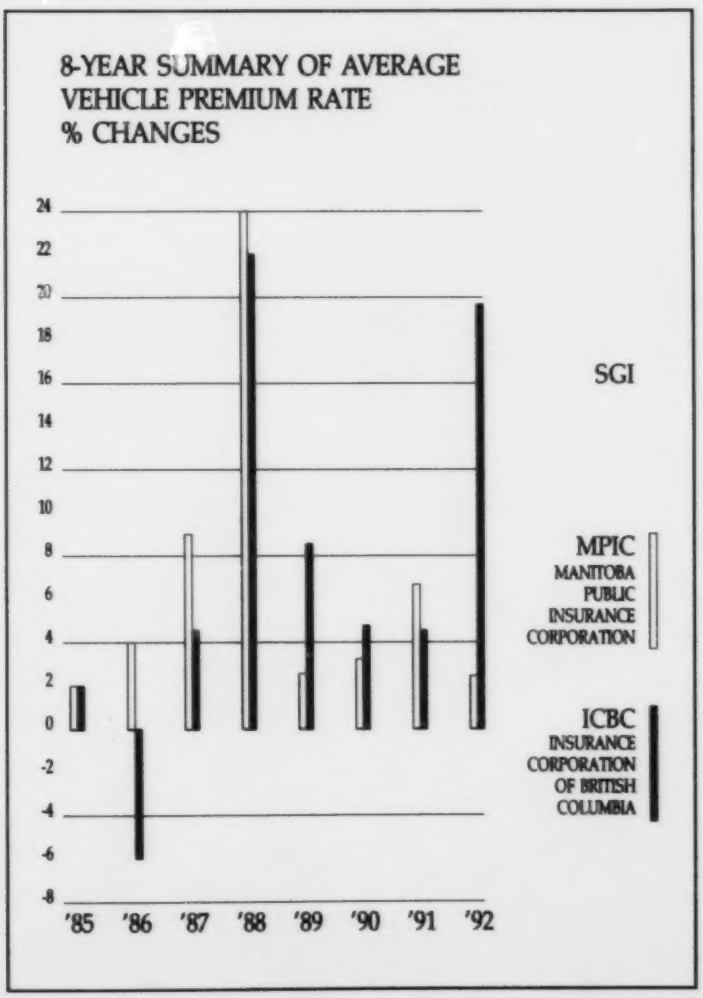
One responsibility we take quite seriously is our role in protecting the environment. We've been recycling for years, starting in 1947 when our first Salvage Centre in North Battleford opened and began selling recycled parts and vehicles. In the last few years we've initiated new programs, such as collecting aluminum cans, phone books, and paper for recycling. We also collect old licence plates to be recycled at IPSCO in Regina, and we're printing more of our material, including some in-house publications, on recycled or recyclable paper. But our efforts go beyond the office environment, too.

Our Salvage and Claims Technical Centres take care to properly dispose of hazardous wastes. Because this is an expensive process, SGI agreed to subsidize part of the cost of hazardous waste disposal for auto body shops. Now, when our customers take their cars to an SGI-accredited repair shop, they can be assured of quality work and know that hazardous wastes are being safely collected and disposed of.

As an affirmative action employer, SGI is committed to ensuring our job opportunities and services are available to everyone. In 1991, we received an award from the National Access Awareness Committee for making our facilities accessible to the disabled. We also attended the Saskatchewan Human Rights Commission's Affirmative Action hearings, to report our progress in integrating under-represented groups into our workforce.

IN 1991, the Auto Fund recorded a $6.8 million loss due to a substantial increase in the cost of bodily injury claims and the number of claims. After a two-year period when we saw the claims count dropping, the number of claims jumped from 94,731 in 1990 to 101,119 in 1991. Claims incurred increased from $220 million to $261 million.

Six major summer storms contributed to these increases, but court awards for injury claims had a more serious impact. Several decisions by the Saskatchewan Court of Appeal set new precedents for injury awards. In fact, the maximum pain and suffering award for severe whiplash doubled from $25,000 to $50,000. SGI applied for leave to appeal two decisions to the Supreme Court of Canada, but if the decisions stand, injury claims costs will continue to rise.



To offset these costs and the increasing number of claims, SGI has proposed a modest increase to vehicle insurance rates in 1992. We need a strong Rate Stabilization Reserve to protect Saskatchewan people from a large rate increase when claims costs rise. Rather than hit customers with an enormous increase as some provinces have been forced to do, our strategy is to have more regular, smaller increases.

ALTHOUGH

meeting our customers' growing needs requires more services, we still try to streamline and keep costs down. Our Salvage division helps out by selling recycled vehicles and parts available through claims, and returning some of the money to the Auto Fund. In 1991, Salvage returned $1.9 million to the Auto Fund.

Traffic Safety's contributions also make a difference. By preventing accidents and injuries, we can help hold the line on insurance costs. Our Special Investigation Unit (SIU) is another player in cost maintenance. Although most of our customers are honest, there are cases of claims fraud. Through SIU's investigations, we can assure Saskatchewan motorists that their premium dollars aren't paying for fraudulent claims.

HOW RATES ARE SET

Saskatchewan motorists enjoy compulsory insurance rates among the lowest in Canada. Our rates are based on claims costs which include the cost of liability, injury, collision and repairs for each make and model of vehicle, and have nothing to do with age, sex, or marital status of the owners. To maintain low rates for accident-free drivers, we charge more for the "high-risk" drivers who have at-fault accidents and traffic convictions.

While we can't control the increase in court awards for injuries, we can keep an eye on our own costs. Claims completed a major study of the injury claims process, which should help to improve efficiency and customer service. We're also proud to say that through hard work and dedication, the same number of staff handled the increased number of claims.

At SGI, we're committed to keeping Saskatchewan people safe. We're also committed to being cost-efficient, so we can continue to offer excellent insurance coverage at affordable rates.

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of the Saskatchewan Auto Fund have been prepared by the management of Saskatchewan Government Insurance as administrator of the Fund in conformity with accounting principles generally accepted in Canada. The financial statements have been examined and approved by the Board of Directors of Saskatchewan Government Insurance. The independent auditors have performed an audit of the Fund which has enabled them to express their opinion on the financial statements of the Saskatchewan Auto Fund. This opinion is shown on page 17.

Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of the Saskatchewan Auto Fund. Management maintains an extensive system of internal accounting controls to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. The adequacy and operation of the control systems are monitored on an ongoing basis by an internal audit department.

An Audit Committee, composed of members of the Board of Directors of Saskatchewan Government Insurance, administrator of the Fund, meets periodically with financial officers of the corporation and the independent auditors. These independent auditors have free access to this Committee, without management present, to discuss the results of their audit work and their opinion on the adequacy of internal financial controls and the quality of financial reporting.

Randy Heise
Vice President
Finance and Administration
Saskatchewan Government Insurance
as Administrator of the Saskatchewan Auto Fund

AUDITORS' REPORT

February 21, 1992

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statements of financial position of the Saskatchewan Auto Fund as at December 31, 1991 and 1990 and the statements of operations and rate stabilization reserve and changes in financial position for the years then ended. These financial statements are the responsibility of the management of Saskatchewan Government Insurance as administrator of the Fund. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 1991 and 1990 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Coopers & Lybrand

Chartered Accountants
Regina, Saskatchewan

STATEMENT OF FINANCIAL POSITION

December 31	1991	1990
	(Thousands of $)	
Assets		
Cash and Investments Maturing Within One Year	$ 78,432	$ 90,880
Accounts Receivable	20,644	14,146
Deferred Policy Acquisition Costs	6,481	6,202
Prepaid Expenses and Inventories	1,666	2,633
Long-Term Investments (Note 3)	309,862	278,109
Net Investment in Capital Lease (Note 4)	8,471	8,609
Property and Equipment (Note 5)	26,135	26,590
	$451,691	$427,169
Liabilities		
Accounts Payable and Accrued Charges	$ 8,674	$ 6,958
Premium Taxes Payable	10,345	10,053
Provision for Unpaid Claims (Note 6)	274,463	249,435
Unearned Premiums	119,962	115,696
	413,444	382,142
Rate Stabilization Reserve	38,247	45,027
	$451,691	$427,169

(See accompanying notes)

Year Ended December 31	1991	1990
	(Thousands of $)	
Premiums Written	$258,610	$251,329
Premiums Earned	$255,444	$247,765
Investment Earnings (Note 7)	35,626	35,155
Other Income (Note 8)	2,986	1,536
Total Revenue	**294,056**	284,456
Claims Incurred	260,885	219,559
Issuer Fees	8,207	7,168
Premium Taxes	10,218	9,911
Administrative Expenses	21,526	23,374
Total Claims and Expenses	**300,836**	260,012
Net Increase (Decrease) to Rate Stabilization Reserve	**(6,780)**	24,444
Rate Stabilization Reserve:		
Balance Beginning of Year	45,027	20,583
Balance End of Year	**$ 38,247**	$ 45,027

(See accompanying notes)

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended December 31	1991	1990
	(Thousands of $)	
Operating Activities		
Net Increase (Decrease) to Rate Stabilization Reserve	$ (6,780)	$ 24,444
Depreciation and Amortization	3,368	1,560
Realized Gains on Disposal of Investments and Property and Equipment	(4,170)	(18)
Investment Write Down	1,664	2,015
	(5,918)	28,001
Increase in Deferred Policy Acquisition Costs	(279)	(465)
Increase in Accounts Receivable	(6,498)	(754)
(Increase) Decrease in Prepaid Expenses and Inventories	967	(1,153)
Increase in Provision for Unpaid Claims	25,028	221
Increase in Unearned Premiums	4,266	3,896
Increase in Accounts Payable and Accrued Charges	1,716	1,452
Increase in Premium Taxes Payable	292	332
Cash Provided By Operating Activities	19,574	31,530
Investing Activities		
Long-Term Investments		
—Purchases	(176,444)	(43,699)
—Proceeds on Sale	146,649	42,250
Capital Lease Repayment	138	125
Property and Equipment		
—Purchases	(2,940)	(6,626)
—Proceeds on Disposal	575	249
Cash Used for Investing Activities	(32,022)	(7,701)
Increase (Decrease) in Cash and Investments Maturing Within One Year	(12,448)	23,829
Cash and Investments Maturing Within One Year:		
Balance Beginning of Year	90,880	67,051
Balance End of Year	$ 78,432	$ 90,880

(See accompanying notes)

NOTES

TO THE

FINANCIAL

STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The Fund's accounting policies are in accordance with generally accepted accounting principles. The following are considered to be significant:

PREMIUMS

Premiums written are taken into income over the terms of the related policies. Premiums not yet taken into income represent the portion of the policy premiums relating to the unexpired term of each policy.

DEFERRED POLICY ACQUISITION COSTS

Premium taxes are deferred and then charged to expense on the same basis as premiums written are taken into income. Issuer fees for vehicle transactions are deferred and then charged to expense over the terms of the insurance policies to which such costs relate.

INVESTMENTS

Bonds, debentures and mortgages are recorded at amortized cost. Shares are recorded at cost. Investments are written down when there is a decline in value that is other than temporary.

INVESTMENT EARNINGS

Interest is recorded as income on the accrual basis. Dividends are recorded as income on the record date. Gains and losses realized on the disposal of investments are recognized in income on the date of sale.

PROVISION FOR UNPAID CLAIMS

The provision for unpaid claims includes the estimated cost to the Fund of reported claims, an estimate based on the claims settlement experience of the Fund of the cost of claims incurred but not reported, and an estimate of adjustment expenses to be incurred on the settlement of these claims.

Long-term disability entitlements are recorded on a discounted basis to take account of the time value of money.

CAPITAL LEASE

Investment earnings related to the direct financing lease are recognized in a manner that produces a constant rate of return on the investment in the lease. The net investment in the lease is composed of net minimum lease payments less unearned finance income.

PROPERTY AND EQUIPMENT

Fixed assets are recorded at cost less accumulated depreciation. Depreciation is recorded on a straight-line basis, commencing in the year in which the assets are placed in service, over the estimated useful lives of the fixed assets as follows:

Buildings	$2^{1}/_{2}$–5%
Computer Equipment	20–50%
Other Equipment	20%

FOREIGN CURRENCY TRANSLATION

Share investments, revenues and expenses are translated at the exchange rate in effect at the transaction date.

ADMINISTRATIVE AND CLAIMS ADJUSTING EXPENSES

Saskatchewan Government Insurance (SGI) as administrator of the Saskatchewan Auto Fund provides certain services to both the Fund and SGI. The administrative and claims adjusting expenses relating to these services are charged to the Fund and SGI on the basis of specific allocations.

Direct administrative expenses are charged directly to the Fund's operations.

2. STATUS OF THE FUND

The Saskatchewan Auto Fund was established effective January 1, 1984, by an amendment to the Automobile Accident Insurance Act (Chapter A-35, Revised Statutes of Saskatchewan 1978).

The accumulated earnings of the Saskatchewan Auto Fund in the Rate Stabilization Reserve are for the future benefit of Saskatchewan's motoring public and cannot be used for the payment of general dividends.

3. LONG-TERM INVESTMENTS

The components of the Fund's long-term investments are as follows:

	(Thousands of $)			
	1991		1990	
	Book Value	Market Value	Book Value	Market Value
Bonds and Debentures	$181,864	$193,359	$182,548	$178,332
Shares and Convertible Bonds	105,706	115,546	75,410	74,249
Mortgages	15,632	16,135	18,596	18,532
Real Estate	6,660	6,686	1,555	1,580
Total Long-Term Investments	$309,862	$331,726	$278,109	$272,693

4. NET INVESTMENT IN CAPITAL LEASE

The Fund, as lessor, has a 63 per cent interest in a lease agreement with a Saskatchewan Crown Corporation for a term of thirty years (nineteen years remaining) on property in Prince Albert, Saskatchewan. The lease transferred substantially all of the benefits and risks incident with the ownership of the property to the lessee.

The Fund's net investment in capital lease includes the following:

	(Thousands of $)	
	1991	1990
Total Minimum Lease Payments Receivable ($995,000 per year)	$ 19,149	$ 20,144
Unearned Income	(10,678)	(11,535)
Net Investment in Capital Lease	$ 8,471	$ 8,609

5. PROPERTY AND EQUIPMENT

The components of the Fund's investment in property and equipment, as well as the related accumulated depreciation, are as follows:

	(Thousands of $)			
	1991			1990
	Cost	Accum. Depr.	Net Book Value	Net Book Value
Land and Improvements	$ 4,333	$ —	$ 4,333	$ 4,128
Buildings	22,130	5,158	16,972	16,448
Computer and Other Equipment	10,384	5,554	4,830	6,014
Total	$36,847	$10,712	$26,135	$26,590

Depreciation for the year is $3,243,000 (1990—$1,558,000).

6. DISCOUNTED CLAIMS RESERVES

Included in the provision for unpaid claims are discounted reserves for long-term disability entitlements in the amount of $14,027,000 (1990—$13,735,000). These reserves have been discounted at 7 per cent to take account of the time value of money.

7. INVESTMENT EARNINGS

The components of investment earnings are as follows:

	(Thousands of $)	
	1991	1990
Interest and Dividends	$33,011	$36,050
Realized Gains on Sale of Investments	3,422	250
Investment Write Down	(1,664)	(2,015)
Income from Capital Lease	857	870
Total Investment Earnings	$35,626	$35,155

8. OTHER INCOME

The Fund operates a salvage division in order to maximize the derived economic value of salvageable vehicles, vehicle parts and materials available through the claims settlement process. In 1991, total salvage sales were $11,929,000 (1990—$12,485,000); gross earnings on sales were $4,486,000 (1990—$4,548,000); and net earnings were $1,879,000 (1990—$1,718,000). The net earnings of the salvage division are included in other income.

On July 1, 1991, the Fund implemented a two payment financing plan for vehicle insurance and registration fees. Included in other income is $687,000 (1990—$0) for fees charged to users of this plan.

9. RELATED-PARTY TRANSACTIONS

Included in these financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown-controlled departments, agencies and corporations with which the Fund is related.

The Fund acts as agent for the provincial Department of Finance regarding the collection of driver and motor vehicle licence registration fees and the collection of education and health tax on certain vehicle purchase transactions.

Account balances resulting from these transactions are included in the Statement of Financial Position, and are settled on normal trade terms. Other amounts due to (from) related parties and the terms of settlement are described separately in the financial statements and the notes thereto.

10. CONTRACTUAL OBLIGATION

The Fund has a five-year contract (four years remaining) with a supplier to provide photographic equipment and supplies for the photo identification driver's licence program. The contract expires on September 30, 1995. The value of the contract is $6,400,000, of which $1,088,000 has been expended to December 31, 1991. The contract has a minimum usage clause.

Due to the photo identification program being non-compulsory, it is possible that the Fund may incur a loss on the contract. The amount of the potential loss, if any, is not determinable because management is currently renegotiating the terms of the contract with the supplier. Should a loss, if any, be realized, it will be accounted for as a charge to income in the period in which the settlement with the supplier occurs.